

PRIZE MINING CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)**

FOR THE QUARTER ENDED

MAY 31, 2005

PRIZE MINING CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited – Prepared by Management)
QUARTER ENDED MAY 31, 2005

	May 31, 2005	August 31, 2004
ASSETS		
Current		
Cash and equivalents	\$ 139,752	\$ 51,460
GIC	300,000	2,015,849
Receivables (Note 4)	66,666	58,005
Exploration advances	459,768	367,767
Prepaid expenses and deposits	<u>111,798</u>	<u>76,739</u>
	1,077,984	2,569,820
Capital assets	40,775	17,612
Mineral properties (Note 6)	<u>20,224,708</u>	<u>18,374,484</u>
	<u>\$ 21,343,467</u>	<u>\$ 20,961,916</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 47,006</u>	<u>85,812</u>
	\$ 47,006	\$ 85,812
Long Term		
Convertible debenture (Note 7)	<u>\$ 1,150,000</u>	<u>\$ -</u>
	\$ 1,150,000	\$ 1,150,000
	\$ 1,197,006	85,812
Future income taxes	<u>2,076,752</u>	<u>2,076,752</u>
	<u>3,273,758</u>	<u>2,162,564</u>
Shareholders' equity		
Capital stock (Note 9)	21,696,557	21,696,557
Contributed Surplus	453,964	453,964
Deficit	<u>(4,080,812)</u>	<u>(3,351,169)</u>
	<u>18,069,709</u>	<u>18,799,352</u>
	<u>\$ 21,343,467</u>	<u>\$ 20,961,916</u>

Basis of presentation (Note 1)

PRIZE MINING CORPORATION (FORMERLY MUSKOX MINERALS CORP.)
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
QUARTER ENDED MAY 31, 2005

	Three Month Period Ended May 31, 2005	Three Month Period Ended May 31, 2004	Nine Month Period Ended May 31, 2005	Nine Month Period Ended May 31, 2004
Administrative	18,500	39,932	60,417	60,114
Amortization	889	207	2,667	622
Computer and website	8,080	416	9,323	12,805
Consulting fees	4,230	19,500	14,230	78,798
Corporate tax	-	11,508	-	19,538
Corporate financing fee	-	-	20,000	-
Finder fees	-	-	89,500	-
Interest on long-term debt	-	-	-	29,643
Management fees (Note 10)	55,000	45,000	145,000	134,000
Office and miscellaneous	29,762	17,003	75,638	56,210
Professional fees	24,428	39,353	58,542	70,825
Rent	11,000	8,997	22,567	26,995
Shareholder communications	39,980	88,150	111,253	128,615
Transfer agent and regulatory fees	8,643	15,133	31,520	91,455
Travel and related costs	28,876	96,339	98,284	164,895
Loss before other item	(229,595)	(381,538)	(739,597)	(874,515)
OTHER ITEM				
Interest Income	2,856	12,391	19,156	13,082
Loss for the period	(226,532)	(369,147)	(729,643)	(861,433)
Deficit beginning of period	(3,854,280)	(3,033,651)	(3,351,169)	(2,451,373)
Deficit end of period	(4,080,812)	(3,402,798)	(4,080,812)	(3,402,798)
Loss per share – basic and diluted	\$ 0.25	\$ (0.01)	\$ 0.25	\$ (0.01)
Weighted average number of shares outstanding	5,383,235	77,389,318	1,814,130	65,557,745

PRIZE MINING CORPORATION (FORMERLY MUSKOX MINERALS CORP.)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)
QUARTER ENDED MAY 31, 2005

	Three Month Period Ended May 31, 2005	Three Month Period Ended May 31, 2004	Nine Month Period Ended May 31, 2005	Nine Month Period Ended May 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (226,532)	\$ (368,934)	\$ (729,643)	\$ (861,426)
Items not affecting cash:				
Amortization	889	207	2,667	622
Accrued interest on long term debt	-	(175,884)	-	(149,856)
Future income tax	-	-	-	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	36,844	(4,107)	(8,662)	(44,543)
(Increase) decrease in exploration advances	6,428	(200,213)	199,613	(361,245)
Increase (decrease) in prepaid expenses and deposits	(22,331)	10,000	(35,059)	42,000
Increase in accounts payable and accrued liabilities	(87,120)	(33,950)	(330,421)	(47,677)
Increase in due to related party	-	-	-	25,000
Net cash provided by (used in) operating activities	<u>(291,822)</u>	<u>(772,881)</u>	<u>(901,505)</u>	<u>(1,447,125)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Share Capital Private Placement	-	2,035,000	-	5,769,000
Loan Payable	-	(499,990)	1,150,000	(499,990)
Share Capital: Common Shares	-	-	-	(510,000)
Share Capital: Warrants	-	222,500	-	252,500
Share Subscriptions Received in Advance	-	-	-	-
Finder's fees and share issuance costs	-	(168,043)	-	(399,143)
Net cash provided by (used in) financing activities	<u>-</u>	<u>1,589,467</u>	<u>1,150,000</u>	<u>4,612,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital assets	(25,829)	(13,006)	(25,829)	(22,499)
Investment in Atlin: cost of property acquisition	(250,000)	(100,000)	(450,000)	(280,000)
Deferred exploration costs, net of option payments received	<u>(208,218)</u>	<u>(202,622)</u>	<u>(1,400,223)</u>	<u>(815,286)</u>
Net cash used in investing activities	<u>(484,047)</u>	<u>(315,628)</u>	<u>(1,876,052)</u>	<u>(1,117,785)</u>
Increase in cash and equivalents during the period	(775,869)	500,958	1,627,557	2,047,457
Cash and equivalents, beginning of period	<u>1,215,621</u>	<u>2,442,154</u>	<u>2,067,039</u>	<u>895,655</u>
Cash and equivalents, end of period	<u>\$ 439,752</u>	<u>\$ 2,943,112</u>	<u>\$ 439,752</u>	<u>\$ 2,943,112</u>
Cash and equivalents is comprised of the following:				
Cash and equivalents	139,752	\$ 93,112	\$ 139,752	\$ 2,943,112
GIC	<u>300,000</u>	<u>2,850,000</u>	<u>300,000</u>	<u>-</u>
	<u>\$ 439,752</u>	<u>\$ 2,943,112</u>	<u>\$ 439,752</u>	<u>\$ 2,943,112</u>

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta) on August 16, 1996.

On March 30, 2005 the Company has completed a consolidation of its share capital on the basis of one (1) new common share for every existing five (5) common shares (the "Consolidation"). In connection with the Consolidation, the name of the Corporation has been changed from Muskox Minerals Corp. to Prize Mining Corporation (the "Name Change").

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management believes it has adequate funds to continue its operations and to complete its existing exploration commitments for the upcoming year.

	Year Ending 2004	Year Ending 2003
Working capital	\$ 2,484,008	\$ 345,409
Deficit	(3,351,169)	(2,541,373)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Muskox Holdings Ltd., a company incorporated in British Columbia, and 913169 Alberta Ltd., a company incorporated in Alberta. All significant inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Short-term investments

Short-term investments include Canadian guaranteed investment certificates with a major Canadian Banking Institution. These investments are stated at cost plus accrued interest and their carrying value approximates their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Equipment, being computer equipment, is recorded at cost less accumulated amortization. Amortization is calculated over the estimated useful life using the declining balance method at 30% per annum.

Resource properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral properties and other areas of geological interest is based on cash paid and the assigned value of share consideration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Deferred exploration costs

The Company defers all exploration expenses relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Values

The amounts shown for resource properties represent costs incurred to date and do not necessarily reflect present or future values.

Cost of maintaining resource properties

The Company does not accrue the estimated future costs of maintaining its resource properties in good standing.

Environmental protection and rehabilitation costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when their likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

Future income taxes

Future income taxes are calculated using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Capital stock is reduced and future income tax liability increased by the estimated tax benefits transferred to shareholders.

Stock-based compensation

Effective September 1, 2002, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends the fair value-based methodology for measuring compensation costs. The Company adopted the use of the fair value-based method and therefore all awards to employees and non-employees will be recorded at fair value on the date of grant.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. SHORT-TERM INVESTMENT

	May 2005	May 2004
Canadian dollar guaranteed investment certificate	\$ 300,000	\$ 2,850,000

4. RECEIVABLES

Accounts receivable of \$66,666 is for GST credits

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MAY 31, 2005

5. EQUIPMENT

	May 2005			May 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 51,359	\$ 10,584	\$ 40,775	\$ 27,438	\$ 5,006	\$ 22,433

6. RESOURCE PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and to the best of its knowledge, title to its properties are in good standing.

Nunavut Claims

The Company has a 100% interest in certain mineral claims in Nunavut, Canada. The claims are subject to a 2.5% gross overriding royalty. In 1998, the Company granted an option to acquire a 10% interest in the mineral claims to a former related party as consideration to postpone payment of a loan then outstanding and the advance of additional funds. The option is exercisable upon the optionee paying \$300,000 to the Company at the earlier of the claims being put into commercial production or December 31, 2020. If the option is exercised, the 10% interest will be converted into a 3% net smelter returns royalty in favour of the optionee upon the claims being put into commercial production.

During fiscal 2003, the Company entered into an option agreement with Anglo American (Canada) Ltd. ("AAEC") whereby AAEC could acquire an initial 51% interest in certain mineral claims of the Company by incurring exploration expenditures of \$11,500,000 before August 31, 2008 and a further 19% interest through additional funding of exploration and development work as well as a feasibility study.

In addition, the Company issued 2,777,778 units to AAEC for \$500,000. Each unit consisted of one common share and one share purchase warrant entitling AAEC to purchase one additional common share for \$0.25 until August 29, 2005. The proceeds from the private placement were applied towards AAEC's first year exploration commitment.

The Company has also obtained the agreement of holders of royalties and other similar interests in certain mineral claims of the Company for the sale of such interests to the Company in consideration of a future payment of \$2,000,000.

During fiscal 2004 AAEC terminated its option with the Company. The Company will retain all rights to the tenure of the mineral claims.

During fiscal 2004, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$469,674 (2003 - \$210,642), were written off to operations.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MAY 31, 2005

6. RESOURCE PROPERTIES (cont'd...)

Atlin Claims

On October 16, 2003, the Company agreed to an option agreement to purchase a 100% interest in certain mineral claims in the Atlin District of British Columbia. Terms of the option agreement are as follows:

- a) Pay \$140,000 upon execution of the option agreement (paid).
- b) Pay \$100,000 by April 1, 2004 (paid).
- c) Pay \$200,000 by October 1, 2004 (paid).
- d) Pay \$250,000 by April 1, 2005. (paid)
- e) Pay \$250,000 by October 1, 2005 (early payment subsequent to quarter ended July 18, 2005)
- f) Pay \$250,000 by April 1, 2006.
- g) Pay \$200,000 by October 1, 2006.
- h) Pay \$400,000 by January 15, 2007.
- i) Pay \$200,000 by January 15, 2008, and each year to January 15, 2011 for total cash payments of \$2,590,000.

In addition, the Company was required to incur exploration expenditures totaling \$750,000 over three years (incurred). The optionor will retain a 1.5% net smelter returns royalty. The Company paid a finder's fee consisting of 200,000 common shares at a value of \$30,000 and cash of \$30,000. In addition, the Company paid other associated costs of \$10,000.

May 31, 2005	Nunavut Claims	Atlin Claims	Total
Acquisition costs, beginning balance	\$ 5,837,554	\$ 310,000	\$ 6,147,554
Additions during the year	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Acquisition costs, ending balance	<u>5,837,554</u>	<u>760,000</u>	<u>6,597,554</u>
Deferred exploration costs, beginning balance	<u>11,087,389</u>	<u>1,139,541</u>	<u>12,226,930</u>
Additions during the year			
Camp maintenance and fuel	-	147,780	147,780
Drilling	-	426,524	426,524
Equipment rental	-	94,370	94,370
Expediting and freight	-	11,287	11,287
Geological and geochemical	-	491,034	491,034
Geophysics	14,014	146,706	160,720
Tenure and licenses	729	500	1,229
Travel and accommodation	-	56,435	56,435
Legal fees	-	-	-
Report writing	<u>-</u>	<u>10,845</u>	<u>10,845</u>
	<u>14,743</u>	<u>1,385,481</u>	<u>1,400,224</u>
Written-off during the year	<u>-</u>	<u>-</u>	<u>-</u>
Deferred exploration costs, ending balance	<u>11,102,132</u>	<u>2,525,022</u>	<u>13,627,154</u>
Total resource properties	<u>\$ 16,939,686</u>	<u>\$ 3,285,022</u>	<u>\$ 20,224,708</u>

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

6. RESOURCE PROPERTIES (cont'd...)

May 31, 2004	Nunavut Claims	Atlin Claims	Total
Acquisition costs, beginning and ending balance	\$ 5,837,554	\$ 280,000	\$ 6,117,554
Deferred exploration costs, beginning balance	11,126,099	-	11,126,099
Additions during the year			
Spectrum survey	-	-	-
Camp maintenance	45,437	4,051	23,755
Drilling	501,663	1,637	434,120
Equipment rental	27,522	6,527	17,767
Expediting and freight	8,974	5,786	13,356
Helicopter support	-	-	-
Geological and geochemical	138,915	-	68,911
Geophysics	-	-	-
Telecommunications	-	-	-
Tenure and licenses	5,513	-	1,023
Travel and accommodation	33,856	-	22,042
Report writing and data interpretation	35,405	-	31,460
	797,285	18,001	612,664
Written-off during the year	-	-	-
Deferred exploration costs, ending balance	11,923,384	18,001	11,941,385
Total resource properties	\$ 17,760,938	\$ 298,001	\$ 18,058,939

7. LOANS PAYABLE

	May 2005	May 2004
On January 25, 2005, the Company announced that it had sold an unsecured, non-interest bearing convertible debenture in the amount of \$1,150,000 to RAB Special Situations LP. The principal amount of the debenture is due and payable on January 22, 2010. At any time prior to the maturity date, the holder may convert the principal amount, in whole or in part, into units of Prize. In consideration of service provided to the Corporation in connection to the convertible debenture, the Company made two cash payment equalling \$89.500 for finder's fees	1,150,000	-
	\$ 1,150,000	\$ -

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

8. INCOME TAXES

a) A reconciliation of income taxes at statutory rates is as follows:

	Year Ending 2004	Year Ending 2003
Loss before income taxes	\$ (1,528,888)	\$ (1,114,110)
Expected income tax recovery	\$ 544,590	\$ 396,848
Reduction in tax rate	-	201,181
Non-deductible expenses	(201,002)	(100,301)
Deductible expenses	87,674	-
Recognized benefits on non-capital losses	287,830	-
Total income tax recovery	\$ 719,092	\$ 497,728

b) Details of future income tax assets and liabilities are as follows:

	2004	2003
Future income tax assets		
Equipment	\$ 2,821	\$ 1,562
Share issue costs	188,656	75,789
Non-capital losses available for future periods	1,745,733	1,444,138
Gross future tax assets	1,937,210	1,521,489
Future income tax liabilities		
Resource properties	(4,013,962)	(4,317,333)
Net future income tax liability	\$ (2,076,752)	\$ (2,795,844)

As at year ending August 31, 2004, the Company has non-capital losses of approximately \$4,900,000 which may be applied to reduce taxable income in future years. If not utilized, these losses expire through to 2014. The tax benefits of these non-capital losses and share issue costs have not been recognized in these consolidated financial statements except to the extent that they can be used to offset future income tax liabilities that existed at fiscal year end.

During the year ended August 31, 2003, the Company issued 2,489,999 units on a flow-through basis for gross proceeds of \$360,750. The flow-through agreement requires the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$128,503 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

As at August 31, 2003, \$328,173 of these proceeds from flow-through financing were classified as cash reserved for flow-through expenditures.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

9. CAPITAL STOCK

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares, issuable in series			
Common shares issued			
Balance at August 31, 2002	28,754,584	\$ 14,271,518	\$ -
Private placements	20,711,277	2,616,740	-
Finders' fee	317,730	35,362	-
Share issuance costs	-	(87,542)	-
Future income taxes on exploration expenditures renounced to shareholders	-	(128,503)	-
Stock-based compensation	-	-	349,571
Balance at August 31, 2003	49,783,591	16,707,575	349,571
Private placements	28,196,667	5,247,000	-
Finder's fee on resource property	200,000	30,000	-
Warrants exercised	1,650,000	252,500	-
Finders' fee on private placement	50,000	7,500	-
Finders' fee on private placement	-	(7,500)	-
Fair value of warrants issued	-	(13,305)	13,305
Share issuance costs	-	(527,213)	-
Stock-based compensation	-	-	91,088
Balance at February 28, 2005	79,880,258	\$ 21,696,557	\$ 453,964
March 30, 2005 Share Consolidation 1:5	15,976,051		
Balance at May 31, 2005	15,976,051	\$ 21,696,557	\$ 453,964

On December 12, 2003, the Company issued 21,413,334 units at a price of \$0.15 per unit for gross proceeds of \$3,212,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder to purchase an additional common share at a price of \$0.18 per share on or before December 12, 2005. The Company paid fees of \$219,100 in cash, 50,000 units with the same terms as the private placement and 153,334 finders' fee share purchase warrants with the same terms as the private placement. The fair value of the share purchase warrants of \$11,239 was allocated to capital stock and contributed surplus.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

9. CAPITAL STOCK (cont'd...)

On March 23, 2004, the Company issued 6,783,333 units at a price of \$0.30 per unit for gross proceeds of \$2,035,000. Each unit consisted of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase an additional common share at a price of \$0.40 per share on or before March 23, 2006. The Company paid fees of \$168,043 in cash and 15,000 finder's fee share purchase warrants which entitles the holder to purchase an additional common share at a price of \$0.40 per share on or before March 23, 2006. The fair value of the share purchase warrants of \$2,066 was allocated to capital stock and contributed surplus.

On March 30, 2005 the Company, announced that it has completed a consolidation of its share capital on the basis of one (1) new common share for every existing five (5) common shares. After given effect to the consolidation there are 15,976,051 common shares issued and outstanding.

Warrants

Warrant transactions are summarized as follows:

	2004	2003
Balance, beginning of year	21,229,007	500,000
Issued	25,023,335	21,229,007
Exercised	(1,650,000)	-
Expired	-	(500,000)
Balance, at February 28, 2005	44,602,342	21,229,007
March 30, 2005 Share Consolidation 1:5	8,920,469	
Balance at May 31, 2005	8,920,469	21,229,007

The following warrants to acquire common shares were outstanding at May 31, 2005:

Number of Shares	Exercise Price	Expiry Date
1,829,600	\$ 0.75	August 29, 2005
901,646	1.00	August 29, 2005
555,556	1.25	August 29, 2005
629,000	1.00	August 29, 2005
4,323,334	0.90	December 12, 2005
681,333	2.00	March 23, 2006

The beginning balance of 21,229,007 warrants was due to expire during the current year. The expiration date for all of these warrants was extended to August 29, 2005.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MAY 31, 2005

9. CAPITAL STOCK (cont'd...)

Stock Options (cont'd...)

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

The outstanding amount of 4,725,000 options was re-priced to \$0.14. The re-pricing was approved by the shareholders' at the Company's AGM on February 17, 2005. Also approved by the shareholders' at the AGM, was an additional 1.58 million new options which were granted at a price of \$0.14 for a term of 5 years. The remaining terms of the options remain the same.

	Number of Shares	Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2002	2,805,000	\$ 0.28
Granted	2,595,000	0.25
Cancelled	(450,000)	0.28
Outstanding and exercisable at August 31, 2003	4,950,000	\$ 0.26
Granted	700,000	0.24
Cancelled	(350,000)	0.28
Outstanding and exercisable at August 31, 2004	5,300,000	\$ 0.26
Granted	700,000	0.26
Expired	(875,000)	0.28
Expired	(400,000)	0.26
Granted	1,580,000	0.14
Outstanding and exercisable at February 28, 2005	6,305,000	\$ 0.14
March 30, 2005 Share Consolidation 1:5	1,261,000	0.70
Expired	(70,000)	0.70
Outstanding and exercisable at May 31, 2005	1,191,000	\$ 0.70

The following stock options were outstanding at May 31, 2005:

Number of Shares	Exercise Price	Expiry Date
112,500	\$ 0.70	October 20, 2005
53,500	0.70	January 25, 2007
130,000	0.70	July 10, 2008
369,000	0.70	August 17, 2008
140,000	0.70	February 12, 2009
70,000	0.70	September 26, 2009
316,000	0.70	January 16, 2010

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MAY 31, 2005

Stock-based compensation

The total stock-based compensation recognized for stock options granted under the fair value method was (2004-\$91,088) and (2003 - \$349,571) using the Black-Scholes Option Pricing Model.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2004	2003
Risk-free interest rate	3.33%	2.94%
Expected life of options	2 to 5 years	2 years
Annualized volatility	99.40%	124.19%
Dividend rate	0.00%	0.00%

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid or accrued (2005 - \$55,000) and (2004 - \$45,000) in management fees to directors.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

11. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the exploration and development of resource properties.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, restricted cash, short-term investment, receivables, accounts payable and accrued liabilities and loans payable. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company has its cash and equivalents in primarily one commercial bank in Calgary, Alberta, Canada.

Cash and equivalents and short-term investments are not subject to currency risk. The Company does not believe it is subject to any significant credit risk although cash and equivalents and short-term investments are held in excess of federally insured limits, with a major financial institution.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
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13. SUBSEQUENT EVENTS

On July 22, 2005, Dr. Roger Morton Stock Options expired without being exercised.

On July 20, 2005, the company made an early payment in the amount of \$250,000, to the vendor of the Atlin Gold Property. The next payment of \$250,000 was due on October 1, 2005. The Company has met all obligations under this Option Agreement in regards to minimum exploration expenditures and has made all semi-annual property payments to Mr. Diduck.

On July 26, 2005 completed a private placement of its securities for gross proceeds of \$447,485.00. Under this private placement, Prize sold 1,789,940 common shares issued at a price of \$0.25 per common share. All of the securities issued in connection with this private placement are subject to a four-month hold period. The gross proceeds of the private placement are intended to be used by Prize for general working capital.

PRIZE MINING CORPORATION (formerly MUSKOX MINERALS CORP.)
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
QUARTER ENDED MAY 31ST, 2005

The following discussion and analysis of the operations, results and financial position of Prize Mining Corporation. (the "Company" or "Prize ") for the quarter ended May 31st, 2005 should be read in conjunction with the May 31st, 2005 Un-Audited Financial Statements and related notes. The effective date of this report is July 27th, 2005.

Forward-Looking Statements

Except for historical information, the Management Discussion and Analysis may contain forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Current Operations

The Company is a natural resources company involved in the acquisition and exploration of precious-metal mineral properties. The present focus of its operations is gold exploration in the Atlin District of northern British Columbia. The company has the option to acquire 100% of a claims block (the "Pine Creek Property") in the Pine Creek area where bedrock gold-silver deposits occur below gold-rich placer gravels. The option agreement, as described below, allows for the Company to be the operator for the project.

In Nunavut, northern Canada the Company's wholly-owned subsidiary Muskox Holdings Ltd., holds mineral claims comprising the mineral tenure to the Muskox Intrusion. The Intrusion is a layered mafic/ultramafic igneous complex of similar composition and geological environment to other intrusions which host large nickel + copper + platinum +palladium deposits.

The Company has been actively exploring the property since 1996. Work to date has included extensive geophysical surveys, geological mapping, geochemical sampling, and diamond drilling. Results to date are encouraging and further exploration work is warranted. The Company had joint ventured the property with Anglo American Exploration (Canada) Ltd. (AAEC). AAEC was the operator for the project and incurred all on-going exploration and property maintenance costs as outlined in the option agreement described below. On May 26, 2004 the Company announced the AAEC had terminated the Option Agreement and the Company now retains 100% of the mineral properties in Nunavut.

The Company is currently listed as a Tier 1 company of the TSX-V and is in good standing.

Results of Operations

1) The Atlin Project

Under the Option Agreement dated October 16, 2003, Prize may earn a 100% interest in the Atlin Property by making cash payments totaling \$2,590,000 over the 7 years ending January 15, 2011, and expending a minimum of \$250,000 in exploration work per year for the first three years, for a total of \$750,000. Prize has paid the initial \$140,000 upon the signing of the Option Agreement and has made three subsequent property payments totaling \$500,000. The next payment of \$250,000 was due on October 1, 2005 and was remitted on July 20, 2005. Prize can choose to accelerate the cash payments to exercise the Option early, without penalty. Once the Option is exercised, the Property will be subject to a 1.5% NSR Royalty.

As of the date of this report, the Company has met all obligations for the exploration work requirements for the full three years (\$750,000).

The Pine Creek Project is within a geologic environment similar to those hosting rich gold deposits such as those in the Motherlode district of California and in the prolific Bralorne Mine area of Southern British Columbia. Gold in these areas is associated with the listwanitic (carbonate-quartz-mariposite) alteration of ultramafic ophiolitic rocks. The association of listwanitic rocks with the placer gold deposits of the Atlin area resulted in exploration of the area from 1987 to 1989 by Homestake Minerals Corporation.

Exploration Progress

In December 2003 a drill was mobilized on site and a 2 hole short program commenced on the Pine Creek Property prior to the Christmas break. The primary objective of these holes was to verify information which was gathered by Homestake Mining during the period 1986-88.

In February 2004, Prize initiated a drill program on the Pine Creek Property. The program first continued the objective of the December drilling program being designed to verify information gathered by Homestake Mining during the period 1986-88. The second phase of this drill program was based upon the results of Prize's initial exploration programs, combined with pre-existing data which the Company has translated into digital format.

At the end of the second Phase, Prize had drilled a total of 1059.3 metres in holes YJ-03-01 to YJ-04-12 in 14 holes on the Pine Creek Property. These holes were drilled using NQ drill rods. Some exceptional grades of gold mineralization were encountered in several drill holes (see following table).

HOLE #	LOCATION	FROM (m)	TO (m)	WIDTH (m)	GOLD (g/t)
YJ03-01	West Zone	19.51	13.95	5.56	513.5
		22.87	21.96	0.91	21.06
		26.52	25.00	1.52	40.42
		39.02	35.97	3.05	34.81
		44.21	42.99	1.22	57.88
YJ03-02	Main Zone	50.30	50.91	0.61	16.28
YJ04-01 And	Main Zone	49.30	50.20	0.90	4.72
		92.50	93.00	0.50	128.15
YJ04-02	Main Zone	63.10	63.70	0.60	7.08
YJ04-03 And And	Main Zone	36.40	36.90	0.50	4.22
		44.15	44.35	0.20	14.79
		45.02	45.70	0.68	11.66
YJ04-07 And And Including And And And	West Zone	24.47	24.97	0.50	6.75
		38.66	39.16	0.50	24.61
		48.85	54.45	6.10	40.10
		48.35	49.35	1.00	6.96
		50.35	50.90	0.55	5.38
		53.40	53.71	0.31	588.87
		53.95	54.45	0.50	98.85

The third Phase of the diamond drill program on the Pine Creek Property was designed to test along-strike and down-dip continuity of the mineralized structures identified in the earlier phases. A larger drill was brought on site to increase recovery rates from the drilling. The Company drilled HQ core. Data from the old Homestake drill holes were combined with the initial Prize drill results and the mineralized zones have been re-modeled.

Results from the Phase III drilling program showed that the main drill target remains the steeply dipping fault zone trending along the Pine Creek valley, thought to be the source of the very rich placer gold channel. The fault structure, with its associated listwanite alteration and quartz veining, returned very high gold values in previous drilling. New computer modeling revealed 3 sub-parallel mineralized bands located within the fault zone and new diamond-drill holes were planned to test these features.

November 15, 2004, the Company released additional assay results from its summer and fall 2004 diamond drill program on the company's property. In the latest phase of drilling, 21 holes (YJ04-13 to YJ04-33) have been completed, with 2,874 metres of HQ core.

Previously, the company reported bonanza grade gold intersections of 513.5 grams per tonne (g/t) over 5.56 metres in drill hole YJ03-01 and 128.15 g/t over 0.5 metre in drill hole YJ04-01. The phase III drill program tested 310 metres of the two-kilometre-plus strike length. Drill holes YJ04-20 and YJ04-22 are step-outs to the east from the initial bonanza grade holes and have returned 142.4 g/t gold over 1.0 metres and 156.9 g/t gold over 0.5 metre, respectively. Drill hole YJ04-29 is a westerly step-out from the prior drilling and returned 119.6 g/t gold over 0.5 metre.

The following table summarizes the high-grade gold intersections from the third phase of the 2004 drill program. For holes YJ04-17 to YJ04-26, the total gold assay values are listed as well as the gold assay of the coarse fraction (+150 mesh). The total gold value is obtained by weighted averaging of the coarse and fine fractions. The coarser fraction is reported here in order to illustrate the coarse nature of the gold mineralization at Pine Creek Property and hence to show the "nugget effect." Only partial results for hole YJ04-29 have been returned, the remainder of results are still pending.

RECENT HIGH-GRADE GOLD INTERSECTIONS FROM PHASE III DRILLING

Hole No.	From (m)	To (m)	Gold (g/t)	Coarse Total fraction gold (g/t)
YJ04-16	110.20	111.20	2.03	
YJ04-17	32.60	33.60	9.99	
incl.	33.10	33.60	19.41	138.37
	49.70	50.54	4.02	
incl.	50.11	50.54	5.96	26.11
YJ04-18	93.00	97.00	3.28	
incl.	95.00	96.00	5.56	17.93
YJ04-20	80.00	81.00	4.49	17.26
	89.00	91.00	4.83	
incl.	90.00	91.00	7.57	48.97
YJ04-20	105.00	114.00	1.48	
incl.	107.00	108.00	7.12	129.16
	137.00	141.00	36.16	
incl.	140.00	141.00	142.40	938.95
YJ04-21	41.75	42.75	14.30	
	73.50	74.00	4.42	19.69
	79.00	79.50	5.49	69.18
	102.90	103.40	3.89	12.77
YJ04-22	29.57	32.00	8.01	
incl.	31.50	32.00	16.19	135.06
	73.76	74.25	5.12	5.26
	106.80	108.30	52.94	
incl.	106.80	107.30	156.95	1,525.04
YJ04-24	109.00	118.50	1.75	
incl.	118.00	118.50	6.93	37.30
YJ04-26	59.00	61.25	3.27	
incl.	59.00	59.50	6.02	44.80
YJ04-27	57.65	58.15	4.13	
	64.15	70.50	4.20	
incl.	68.85	69.35	22.43	
	115.64	116.15	3.84	
YJ04-29	68.50	69.	119.62	
	137.00	137.50	3.92	
	179.00	185.00	2.64	
	196.00	197.00	5.18	

The current drill program continued throughout the remainder of 2004, with the intention of further developing the Yellowjacket zone and also completing step-out drilling along strike to test for new zones and the continuity of the main zone. Hole layout consists of fences of drill holes along the length of the main zone, these being set up at average 30 metre spacings. These holes will be angled in a northerly direction in order to best cut the main southerly dipping fault zone. Additional holes will be drilled along the strike of the fault zone in areas where cross structures are believed to be located and have potentials for the concentration of gold mineralization.

As of the date of this report, a total of 42 drill holes have been completed to date.

The Company also completed 820 kilometres of airborne geophysical surveying on the Pine Creek Property. Plots of resistivity and magnetics outline the main fault zone, which hosts the Yellowjacket mineralization and reveals numerous subparallel and cross-cutting features related to this mineralized structure. Several of these geophysical features will be diamond drill tested in order to understand their relationship to the high-grade gold values encountered along the main fault feature.

On May 24th, 2005, the completed a magnetic susceptibility survey on drill core from the Yellowjacket Zone of its Atlin Gold Project, located in northwestern British Columbia.

As follow up to the September 2004 airborne geophysical survey conducted on the Atlin Gold Project, magnetic susceptibility readings were taken at approximately 30 centimeter intervals along drill core from 42 diamond drill holes. In the Atlin area, it is generally understood that the lowest magnetic susceptibility readings are related to the most intense alteration in bedrock, which causes destruction of primary magnetite. Known gold mineralization is associated with the gradients between the highest and lowest zones of magnetic susceptibility. The airborne geophysical survey identified a strong magnetic susceptibility gradient, which is coincident with the extremely high grade gold mineralization at the Yellowjacket Zone. Magnetic susceptibility readings on the drill core show that the best gold intercepts from drilling to date occur where the magnetic susceptibility readings drop from high to low. For example in drill hole YJ04-20, the 1.0 metre interval that assayed 142.40 g/t gold had magnetic susceptibility readings of 2.5 on one side and 0.6 on the other side of the intercept. Similarly, for drill hole YJ04-29, the 0.50 metre interval that assayed 119.62 g/t gold had magnetic susceptibility readings of 20.0 on one side and 0.5 on the other side of the mineralized intercept. Drill hole YJ03-01, which had a drill intercept of 5.56 metres averaging 513.5 g/t gold was in a zone with magnetic susceptibilities of 0.8, while an adjacent hole (8 metres away) YJ04-11 had no gold intervals and had high magnetic susceptibility values of greater than 20.0. Distinct magnetic trends have been identified by the combination of airborne and drill core magnetic susceptibility readings. Two sub-parallel magnetic susceptibility features, associated with the gold mineralization at the Yellowjacket Zone, are currently untested over their combined 1,400 metre strike extent.

The airborne geophysical survey also identified two additional, large, strong magnetic susceptibility targets located on either side of the Yellowjacket Zone. These are called the Rock of Ages and Gold Run Zones and both of these zones have associated historic placer gold production. To date neither of these two additional zones have been drill tested. The strong correlation between the magnetic susceptibility and the gold results to date has provided the Company the ability to better define our on-going exploration program. A planned ground magnetic survey will better delineate the magnetic gradients on the ground prior to diamond drill testing.

Linda Dandy, P.Geo. is the Company's Qualified Person responsible for monitoring the supervision and quality control of the exploration completed on the Atlin project. Linda Dandy has reviewed and verified the technical information.

On-Going Exploration and Development

Over 350 metres of strike length in the mineralized zone has been drill tested along the favourable Pine Creek fault structure. Visible gold is now being intersected on a regular basis as the orientations of several distinct gold bearing zones within the Yellowjacket zone have been identified and are becoming better understood. The data from continued drill testing have enlarged the Yellowjacket zone and are being used to generate a preliminary resource model, the results of which will be released once sufficient assay data are returned. The mineralized zones are open at depth and laterally in both directions along strike; to date each new step-out has resulted in additional gold intersections. The process of permitting for bulk sampling and identifying the zones for bulk testing has been initiated; the progress will be reported over the coming months.

In addition to gold, a number of geochemical pathfinder elements have been detected in key lithological units within the Yellowjacket structure. The importance of these pathfinders is key in mapping out the zones that are gold bearing. As a result of the "nugget effect", gold is unevenly distributed within the mineralized zone, but the pathfinders directly associated with gold have the characteristic of being normally distributed. Vulcan mine modelling software package is being used by the Company to create a model that maps these pathfinder zones to better delineate the true size and extent of the gold bearing horizons.

With the data collected to date, along with the geophysical survey results and the new pathfinder models, management is further advancing its study of the economic viability of the Yellowjacket zone.

The objective of the continuing diamond drill program through 2004 was to further develop and add to the continuity of structures and lithologies hosting alteration, quartz veining and high-grade gold mineralization within the Yellowjacket property. Exploration along strike in both directions will also be undertaken, in an effort to expand the volume of gold mineralization along the two-kilometre fault zone.

Once the current drill program is completed, the size and orientation of the mineralized zone(s) will be better defined, allowing for preliminary resource calculations to be conducted in order to ascertain the economic viability of the project. These studies will also assist in directing future programs toward increasing economically viable tonnages.

In July 2005, Prize has contracted Peter E. Walcott and Associates to complete a ground magnetometer geophysical survey on its Atlin Gold Property. The survey follows up prior geophysical work conducting on the Atlin Gold Property, including an airborne magnetic and electromagnetic survey and drill core magnetic susceptibility readings on the drill core from the Yellowjacket Zone. Prize has identified a strong positive correlation between low magnetic susceptibility zones and high grade gold mineralization in the Yellowjacket Zone. The Yellowjacket Zone has returned numerous high gold assays from diamond drilling to date. The purpose of the magnetometer geophysical survey is to further identify the magnetic trends on the ground to allow Prize to better target the gold mineralization in the next phase of diamond drilling. Approximately 80 line kilometres of grid (spaced at 25 metre intervals) will be put in over the Yellowjacket Zone and adjacent Rock of Ages Zone through the course of the survey. The survey will be completed in about 3 weeks, after which diamond drilling will resume on Yellowjacket Zone with the goal of expanding the zone of gold mineralization along the magnetic trends identified by the survey. The survey will also allow Prize to plan the initial diamond drill program on the Rock of Ages Zone, which to date is untested by diamond drilling. Ms. Linda Dandy, P.Geol. of P&L Geological Services is the project supervisor and "Qualified Person" for the purpose of National Instrument 43-101.

2) The MuskoX Intrusion

Exploration Progress

A 1987 line-kilometer Spectrem airborne survey was completed by AAEC over the main outcropping body of the MuskoX Intrusion. Spectrem is a high-powered electromagnetic (EM) geophysical system proprietary to AAEC which is employed to detect electrically conductive sulphide bodies. Spectrem's lower frequency and higher signal strength, compared to conventional EM systems, give it the capability of probing deeper into the Intrusion to depths greater than 300m and with a high degree of precision than the previously utilized ground geophysical methods.

On-site geological and geophysical surveys of the MuskoX Intrusion were performed by the AAEC crews and interpretation of data from the Spectrem airborne geophysical survey was completed.

AAEC completed their field program which included the Spectrum airborne geophysical survey, geological, ground geophysical surveys, geochemical soil sampling and drilling programs. The focus of the latter programs was on areas of interest defined by positive data acquired during the Spectrem airborne geophysical survey. The geochemical soil survey collected 965 samples for analysis with a view to better target definition.

Results of the initial phase of Spectrem geophysical data interpretation resulted in the rapid identification of 21 conductive targets of interest which resulted in a total of 1,501.14 m of NQ core drilled in 6 diamond drill holes.

In November, 2003, AAEC released preliminary results and final assays on their MuskoX Intrusion field exploration program conducted during August and September, 2003.

During the last week of March 2004, AAEC mobilized field personnel to its camp on the Muskox Layered Intrusion to complete a pulse EM (electromagnetic) ground geophysical survey over a target which has been identified in the area of the Canoe Lake Fault in the northwestern part of Muskox Intrusion.

During the first week of April a drill crew was mobilized to the intrusion for the purposes of drilling 2 diamond-drill holes in order to immediately test the aforementioned Canoe Lake target. The short drill program consisting of testing two specific targets (approximately 600m of drilling) in the Canoe Lake Fault Block area on the western side of the Muskox Intrusion. The first drill target tested a geophysical anomaly located approximately 400 metres north of the MX03-001 drill hole, where assay results were returned from sulphidic veins within footwall paragneisses (1.22% Ni, 0.76% Cu, 1,782.9 ppb Pt+Pd+Au in an intersect of 0.61m containing approximately 6% S).

The conductive anomaly, which is interpreted to occur within a magnetically modeled/defined trough-like structure at the base of this part of the Muskox Intrusion, has been well delineated at surface by a recently completed pulse EM geophysical survey.

The second drill target is located approximately 600m north of MX04-001 along the same geophysical conductive trend. As with the first target, this geophysical anomaly is interpreted to occur at the base of this portion of the Muskox Intrusion and was detected by the 2003 Spectrem survey and by a surface geophysical survey. This target is also overlain by a Ni, Cu, Co, PGE soil geochemical anomaly.

On May 26, 2004 the Company announced that the Option/Joint Venture Agreement with AAEC has been terminated in its entirety. As per the Agreement, Prize will retain all rights to the tenure of the Muskox Intrusion Project. Exploration expenditures by AAEC exceeded \$ 2.5 million. The exploration program conducted over two years included integration of existing data sets from previous programs conducted by Prize, a regional Spectrem airborne survey, soil geochemistry, ground UTEM and PEM surveys over specific targets on the western and eastern margins of the Intrusion.

The collection and compilation of data resulted in the identification of numerous drill targets throughout the Intrusion, of these targets, AAEC tested eight, with priority given to those strongly associated with high nickel values in soils and/or conductors from the Spectrem survey. Three of the eight holes drilled were located in the Canoe Lake fault region on the western margin. The drilling of the 6 holes in 2003 and 2 in April/May 2004 totaled 2,030.58 meters. Downhole geophysics was conducted on all drill holes.

Muskox Intrusion: Gravity Survey

Preliminary data from AAEC's 2003-2004 programs compiled with the Prize's dataset suggests that a large portion of the Muskox Intrusion requires further exploration. Magnetic and EM modeling indicates that the MacGregor Lake Area is the most prospective for a Norilsk type PGE-Ni-Cu magmatic sulphide deposit. As a result of this rigorous review of the data, Prize completed a gravity survey over certain areas of the Muskox Intrusion. The gravity survey tested the Keel region of the Intrusion from Valley Lake to MacGregor Lake and also tested an area between MacGregor Lake and Speers Lake. The survey were conducted in a part of the Intrusion where Prize has received values as high as 74.6 gm/T Pd, 7.4 g/T Pt, 5.3 g/T Au, 7.7 % Cu, and 0.3 % Cu from the corresponding margins of the Intrusion.

Results from the gravity survey are currently being processed by an independent consulting firm to verify the data received and the post processing completed by the Company. At this time, the Company has no exploration plans for the Intrusion and the Board is determining if the Company should initiate further exploration on the property, or seek out another joint venture partner.

Acquisition or Abandonment of Resources Properties Material to the Issuer

During fiscal 2004, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$469,674 (2003 - \$210,642), were written off to operations.

The Company incurred \$229,595 in expenses during the period, down from \$381,538 during the same period last year. Substantial lower costs were achieved in administrative, professional fees, shareholder communications and travel. No corporate taxes were payable this quarter. An increase in management fees reflects the announced change in management, while the increased office and miscellaneous, rent and computer are directly related to the new office move and setup.

Selected Annual Information

	Aug. 31, 2004	Aug. 31, 2003	Aug. 31, 2002
Loss before extraordinary items	(\$1,092,698)	(\$928,767)	(\$794,264)
Net Loss	(\$819,796)	(\$616,382)	\$654
Loss Per Share	(\$0.01)	(\$0.02)	\$0.00
Total Current Assets	\$2,569,820	\$1,124,444	\$99,881
Total Current Liabilities	\$85,812	\$ 778,735	\$1,530,897
Working Capital (Deficiency)	\$2,484,008	\$345,409	(\$1,431,016)

Summary of Quarterly Results

Period Ended	2005 May 31 Q3	2005 Feb 29 Q2	2004 Nov 30 Q1	2004 Aug 31 Q4	2004 May 31 Q4	2004 Feb 29 Q2	2003 Nov 30 Q1	2003 Aug 31 Q4
Total Revenue Income (loss)	(229,595)	(330,395)	(\$179,814)	(\$218,191)	(\$381,538)	(\$268,407)	(\$224,562)	(\$673,756)
Diluted Loss Per Share	0.25	(0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Net Income (loss)	(226,532)	(318,696)	(184,415)	\$51,637	(\$369,147)	(\$267,716)	(224,562)	(\$361,371)
Diluted per share	0.25	(0.01)	(\$0.01)	\$0.01	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

Liquidity and Capital Resources

The Company has \$1,077,984 in Current Assets as of May 31, 2005, and \$40,775 in Current Liabilities, yielding a positive working capital of \$1,030,978. The Company is in a healthy position regarding its working capital position, and also has warrants outstanding that could bring in additional funding. The exercise of these warrants are dependant on the Company's stock price. The Company will continue to look at equity private placement opportunities for sufficient proceeds to fund ongoing exploration work on its' properties and to provide sufficient working capital to otherwise maintain operations and satisfy its general and administrative expenses over the medium term.

During the quarter ended February 28, 2005, the Company completed an unsecured, non-interest bearing convertible debenture in the amount of \$1,150,000 to RAB Special Situations LP. The principal amount of the debenture is due and payable on January 22, 2010. At any time prior to the maturity date, the holder may convert the principal amount, in whole or in part, into units of Prize. In consideration of service provided to the Corporation in connection to the convertible debenture, the Company made two cash payment equalling \$89,500 for finder's fees

The Company's financial commitments for fiscal 2005 are the property payments under the joint venture agreement on the Pine Creek Property in Atlin, BC. This commitment is \$450,000. At the time of this report, the Company, has fulfilled it's full commitment for this fiscal year.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements made by the Company.

Transactions with Related Parties

The Company incurred Management Fees due to Officers of the Company for work related to the Company in the amount of \$55,000.

Significant Transactions

Stock Options

On March 30, 2005 Prize completed the consolidation of its common shares on the basis of one (1) new common share for up to every existing five (5) common shares. Therefore resulting in the consolidation of all options. The total amount of options outstanding at May 31, 2005 is 1,191,000 at a price of \$0.70 per share.

Officers and Directors

On March 16, 2005, Mr. Feisal Somji, B.Sc., MBA, was appointed by the Board to be the President and Chief Executive Officer of Prize. Mr. Somji has served as the Chief Financial Officer and a director of Prize since February 2003. The Board has commenced an external search for a new Chief Financial Officer. In the meantime, Mr. Somji will continue to serve as Prize's Chief Financial Officer on an interim basis.

Mr. Harry McGucken has been appointed by the Board to be the Chief Operating Officer of Prize. Mr. McGucken has served as a director of Prize since 1997.

On April 22, 2005, Dr. Roger Morton, resigned as a Director of the Company.

Name Change and Consolidation

On March 30, 2005 the Company has completed a consolidation of its share capital on the basis of one (1) new common share for every existing five (5) common shares (the "Consolidation"). After given effect to the Consolidation there are 15,976,051 common shares issued and outstanding. In connection with the Consolidation, the name of the Corporation has been changed from Muskox Minerals Corp. to Prize Mining Corporation (the "Name Change"). Trading on the TSX Venture Exchange began on March 30, 2005 under the new symbol PRZ. The Consolidation and the Name Change were approved by the shareholders of Muskox at the Annual General and Special Meeting of the shareholders of Muskox held on February 17, 2005.

Changes in Accounting Policies

Effective for fiscal years commencing on or after January 1, 2004, Canadian generally accepted accounting principles require the fair value of all share purchase options granted after fiscal years commencing on or after January 1, 2002 to be expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. Previously only share purchase options granted to non-employees followed this method and options granted to employees were not expensed.

The Company has adopted the new policy on a retroactive basis, however no share purchase options have been granted subsequent to April 1, 2002 and accordingly there is no effect on the financial statements presented. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

Financial Instruments

The Company's financial instruments consist of cash and equivalents, restricted cash, short-term investment, receivables, accounts payable and accrued liabilities and loans payable. In management's opinion, the Company is not exposed to

significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Additional Disclosure for Venture Issuers without Significant Revenue

	Aug. 31, 2004	Aug. 31, 2003	Aug. 31, 2002
Capitalized exploration and development cost	\$1,570,505	\$233,617	\$1,785,922
Expensed research and development cost	nil	nil	nil
Deferred development cost	nil	nil	nil
General and administration cost	\$1,092,698	\$ 928,767	\$ 794,264
Material cost (gain) not referred to above	(\$282,902)	\$312,385	(\$794,264)

Disclosure of Share Data

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares, issuable in series			
Issued			
Balance at August 31, 2001	27,954,584	\$ 14,101,614	
Private placements	800,000	200,000	
Future income taxes on exploration expenditures renounced to shareholders	-	(30,096)	
Balance at August 31, 2002	28,754,584	\$ 14,271,518	\$ -
Private placements	20,711,277	2,616,740	-
Finders' fee	317,730	35,362	-
Share issuance costs	-	(87,542)	-
Future income taxes on exploration expenditures renounced to shareholders	-	(128,503)	-
Stock-based compensation	-	-	349,571
Balance at August 31, 2003	49,783,591	16,707,575	349,571
Private placements	28,196,667	5,247,000	-
Finder's fee on resource property	200,000	30,000	-
Warrants exercised	1,650,000	252,500	-
Finders' fee on private placement	50,000	7,500	-
Finders' fee on private placement	-	(7,500)	-
Fair value of warrants issued	-	(13,305)	13,305
Share issuance costs	-	(527,213)	-
Stock-based compensation	-	-	91,088
Balance at February 28, 2005	79,880,258	\$ 21,696,557	\$ 453,964
March 30, 2005 Share Consolidation 1:5	15,976,051		
Balance at May 31, 2005	15,976,051	\$21,696,557	\$ 463,964

Summary of warrants outstanding as of May 31, 2005:

Number of Shares	Exercise Price	Expiry Date
1,829,600	\$ 0.75	August 29, 2005
901,646	1.00	August 29, 2005
555,556	1.25	August 29, 2005
629,000	1.00	August 29, 2005
4,323,334	0.90	December 12, 2005
681,333	2.00	March 23, 2006

Stock Options

	Number of Shares	Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2002	2,805,000	\$ 0.28
Granted	2,595,000	0.25
Cancelled	(450,000)	0.28
Outstanding and exercisable at August 31, 2003	4,950,000	\$ 0.26
Granted	700,000	0.24
Cancelled	(350,000)	0.28
Outstanding and exercisable at August 31, 2004	5,300,000	\$ 0.26
Granted	700,000	0.26
Expired	(875,000)	0.28
Expired	(400,000)	0.26
Granted	1,580,000	0.14
Outstanding and exercisable at February 28, 2005	6,305,000	\$ 0.14
March 30, 2005 Share Consolidation 1:5	1,261,000	0.70
Expired	(70,000)	0.70

The following stock options were outstanding at May 31, 2005:

Number of Shares	Exercise Price	Expiry Date
112,500	\$ 0.70	October 20, 2005
53,500	0.70	January 25, 2007
130,000	0.70	July 10, 2008
369,000	0.70	August 17, 2008
140,000	0.70	February 12, 2009
70,000	0.70	September 26, 2009
316,000	0.70	January 16, 2010

During the Quarter Ended February 28, 2005, the outstanding amount of 4,725,000 options was re-priced to \$0.14. The remaining terms of the options remain the same. The re-pricing was approved at shareholder at Prize AGM on February 17, 2005.

During the Quarter Ended February 28, 2005, 1.58 million new options were granted on January 17, 2005 at a price of \$0.14 for a term of 5 years.

SUBSEQUENT EVENTS

On July 20, 2005, the company made an early payment in the amount of \$250,000, to the vendor of the Atlin Gold Property. The next payment of \$250,000 was due on October 1, 2005. The Company has met all obligations under this Option Agreement in regards to minimum exploration expenditures and has made all semi-annual property payments to Mr. Diduck.

On July 22, 2005, Dr. Roger Morton Stock Options expired without being exercised.

On July 26, 2005 completed a private placement of its securities for gross proceeds of \$447,485.00. Under this private placement, Prize sold 1,789,940 common shares issued at a price of \$0.25 per common share. All of the securities issued in connection with this private placement are subject to a four-month hold period. The gross proceeds of the private placement are intended to be used by Prize for general working capital.

Qualified Person

Mr. William Dynes, B.Sc., P.Geol, Director of the Company, is the qualified person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Management Discussion and Analysis.

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Additional information relating to the Company is on SEDAR at www.sedar.com.